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SUBJECT: ZAGREB WEEKLY ACTIVITY REPORT - JUNE 5, 2009

REF: ZAGREB 294

11. (U) BRIEF TRADE WAR WITH BOSNIA RESOLVED (FOR NOW):

The Croatian Minister of Agriculture and officials of the Veterinary Office met with Bosnian counterparts over the May 30-31 weekend in an attempt to resolve a growing meat trade war that threatened Croatia's \$400m export market in food products to Bosnia. Bosnia had recently banned all Croatian imports of live animals and meat products, claiming concerns over phytosanitary issues such as mad cow disease and avian flu, as well as complaints that Croatia had failed to properly notify the Bosnians when it decided to ban imports of Bosnian live fish to harmonize with EU standards. The officials reached agreement that Croatia would also lift a long-standing ban on imports of beef and meat products from Bosnia, with both countries lifting bans on poultry and fish products. Discussions will continue on the livestock ban, which remains in effect. This rift is not likely to be the last between Croatia and Bosnia, as Croatia continues to erect trade barriers and adopt regulations in preparation for EU accession that negatively impact Bosnian imports.  
(DWestfall)

12. (U) ACCUSED PUKANIC ASSASSIN ARRESTED IN BELGRADE:

Bosnian-Serb Zeljko Milovanovic, a prime suspect in last November's murder of magazine publisher Ivo Pukanic and his associate Niko Franjic, was arrested on May 31 in Belgrade. Milovanovic is wanted by the police of Croatia, Serbia, and Bosnia and Herzegovina. Croatia accuses Milovanovic of transporting the explosives that were used in the blast that killed Ivo Pukanic, former owner and editorial director of the Zagreb-based political weekly Nacional, and Niko Franjic, the former marketing director for Nacional. Milovanovic is charged with multiple crimes and has escaped from prison several times. He is on Interpol's APB list, and also on the Osijek County Court APB list because of war crimes committed during the war against Croatian civilians. Croatian media report that Milovanovic has Serbian citizenship and therefore cannot be extradited to Croatia. However, according to Croatian officials, under the terms of a bilateral agreement on prosecutorial cooperation, Milovanovic can be prosecuted in Serbia for the crimes he committed in Croatia. (VDjukic)

13. (U) CONTROVERSIAL SINGER'S CONCERT INCLUDES SOME USE OF FASCIST SYMBOLS:

Controversial pop singer Marko Perkovic Thompson's May 30 concert on Zagreb's main square passed without major incidents, and with the local press showing only moderate interest. Some 30-50,000 people packed the Jelacic square in cold rainy weather, with many waving Croatian flags. According to press reports, the spectacle was marred only by small groups of 'heated' young men waving Nazi salutes and singing Ustasha songs. Three people wearing Ustasha insignia were arrested, and another three were detained for violent behavior. However, the Ministry of Interior said that the

number of offenders could grow once officials have reviewed video footage of the concert. The concert took place on Zagreb's War Veterans' Day, but unlike last year, the city of Zagreb refrained from co-funding it. Zagreb mayor Milan Bandic had come under increased pressure by his (Social Democratic Party) leadership not to sponsor the concert because some of Thompson's lyrics are widely considered to reflect nationalist views and sympathy for the Ustasha (the Nazi puppet regime in Croatia during WW2). This year's concert, coming on the eve of the second round of municipal elections, did draw criticism from Bandic's rival for the mayor's office, liberal Josip Kregar, who felt it indirectly supported Bandic's campaign. Bandic did in fact easily win the election the following day. (MJelenc)

14. (U) EU GIVES GREEN LIGHT TO ONE SHIPYARD PRIVATIZATION PLAN, RED LIGHT TO ANOTHER:

European Commissioner for Market Competition Neelie Kraus has given a positive opinion regarding the proposed privatization model for the Uljanik shipyard in Pula (reftel). The EC has not approved, however, the plan to turn the Kraljevica shipyard into a megayacht-building facility, which would have taken it out of the shipyard census and eased the need to make capacity cuts at other shipyards. Deputy Prime Minister Polancec announced that the Ministry of Economy, after receiving the positive opinion, has sent the EC a copy of the Government's proposed privatization tender for Uljanik. The tender will offer 58% of the shares to a strategic investor and 25% to the employees. It is not clear what will happen to the remaining 17%. Uljanik is widely considered to be the best-performing of the shipyards, and may have the best chance of attracting investors. (DMatijas)

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15. (U) EMBASSY SPONSORS CONFERENCE ON DIGITAL LIBRARIES:

Bringing together librarians, researchers, and educators from over 20 countries, the Libraries in the Digital Age Conference addressed the changing environment for libraries and information systems in the digital world. Held in Dubrovnik at the Inter-University Center and at the University of Zadar, the conference reflected on the rapid shift from physical to digital libraries and their impact on scholarship, education and government. The Embassy has supported this annual conference since its inception in 2000.

Of the featured speakers, seven out of nine were from the United States, including Dr. Kaye Howe, Executive Director of the National Science Foundation Digital Library, and Dr. Marcia Bates of UCLA, who were co-sponsored by the Embassy. Our support for this conference builds on our outreach to public libraries and support for other library association conferences. Libraries are important institutions in Croatia as a source of community activity and are heavily visited given the relatively high cost of books, newspapers and periodicals. (KWetzel)

16. (U) USCG LIAISON OBSERVES SMOOTH OPERATIONS IN SPLIT AND HVAR PORTS:

On June 1-4, the U.S. Coast Guard's international port security liaison officer for Croatia visited port facilities in Split and Hvar to observe implementation of the International Ship and Port Facility Security (ISPS) Code. The liaison officer offered suggestions for improving implementation of the code at the "North Port" facility in Split by requiring the contracting company that operates the facility to take a larger role in developing and implementing the security plan. In Hvar, staff impressed the liaison with their ability to keep the port operating smoothly to accommodate the high traffic of the tourist season, despite the port's small size, close proximity to onshore businesses, and strong and frequently shifting winds. The liaison suggested formalizing the de facto team of port authority, police, fire department, and nautical center staff who already coordinate closely on key aspects of port operations. (SLitke)

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